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ABSTRACT

Focusing on banking and insurance occupations, this document is one in a series of forty-one reprints from the Occupational Outlook Handbook providing current information and employment projections for individual occupations and industries through 1985. The specific occupations covered in this document include bank clerks, bank officers/managers, bank tellers, actuaries, claim representatives, insurance agents/brokers, and underwriters. The following information is presented for each occupation or occupational area: a code number referenced to the Dictionary of Occupational Titles; a description of the nature of the work; places of employment; training, other qualifications, and advancement; employment outlook; earnings and working conditions; and sources of additional information. In addition to the forty-one reprints covering individual occupations or occupational areas (CE 017 757-797), a companion document (CE 017 756) presents employment projections for the total labor market and discusses the relationship between job prospects and education. (BM)

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Banking and Insurance Occupations

CE

Reprinted from the
Occupational Outlook Handbook,
1978-79 Edition.

U.S. Department of Labor
Bureau of Labor Statistics
1978

Bulletin 1955-7

Containing the midpoints of the legs of right triangle *RST*, wh
pt. (−5, 5), *S* is pt. (3, 1), and *T* is pt. (3, 4).

Containing the longer diagonal of a quadrilateral whose verti
pts. (2, 2), (−2, −2), (1, −1), and (6, 4).

Show that the equations $y - 1 = \frac{1}{2}(x + 3)$ and $y - 4 = \frac{1}{2}$
are equivalent.

An equation of the line containing pts. (−2, 3) and (4, −1)
written in the form $y - 3 = -\frac{1}{2}(x + 2)$ or in the
$y + 1 = -\frac{1}{2}(x - 4)$, depending upon which point you take
(x_1, y_1). Show that the two equations are equivalent.

Show that the equations are equivalent.

$$y - y_1 = \frac{y_2 - y_1}{x_2 - x_1}(x - x_1) \qquad y - y_2 = \frac{y_1 - y_2}{x_1 - x_2}(x -$$

State the equation of a line through pt. (p, q) and parallel to
containing pts. (a, b) and (c, d). $(a \neq c)$.

U.S. DEPARTMENT OF HEALTH,
EDUCATION & WELFARE
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CE 017 797

OCCUPATIONS IN THE BANKING INDUSTRY

Banks have been described as "department stores of finance" because they offer a variety of services ranging from individual checking accounts to letters of credit for financing world trade. Banks safeguard money and valuables; administer trusts and personal estates; and lend money to business, educational, religious, and other organizations. They lend money to individuals to purchase homes, automobiles, and household items, and to cover unexpected financial needs. Banks continually adapt their services to meet their customers' needs. In recent years, for example, they have offered revolving credit plans, charge cards, accounting and billing services, and money management counseling.

Banks and Their Workers

Banks employed approximately 1.2 million workers in 1976. Most bank employees work in commercial banks, which offer a wide variety of services. Others work in mutual savings banks, which offer more limited services—mainly savings deposit accounts, mortgage loans, safe-deposit rentals, trust management, money orders, travelers' checks, and passbook loans. Still others work in the 12 Federal Reserve Banks (or "bankers' banks") and their 24 branches as well as in foreign exchange firms, clearing house associations (where banks exchange checks and other paper), check cashing agencies, and other related organizations. In addition, nearly 500,000 people in 1976 performed similar work in savings and loan associations, credit unions, mortgage brokerage firms, and other nonbank credit agencies.

In 1976, commercial banks processed about 25 billion checks and handled an enormous amount of paperwork. Clerical workers accounted for nearly two-thirds of all bank employees. Many tellers or clerks process the thousands of deposit slips, checks, and other documents that banks handle daily. Banks also employ many secretaries, stenographers, typists, telephone operators, and receptionists.

Bank officers and managers constitute a large portion of employment in the banking industry. Approximately 1 out of 4 employees is an officer—a president, vice president, treasurer, comptroller, branch manager, loan officer, personnel officer, or other official. Professional and technical occupations, which make up a smaller segment of employment, include accountants, lawyers, labor relations workers, computer programmers and systems analysts, economists and public relations specialists. Banks, like other institutions, also employ guards, elevator operators, and other service workers.

Three large occupational categories in banking—officers and managers, tellers, and clerks—are described in separate statements elsewhere in the *Handbook*.

About 25 billion checks are processed yearly.

Places of Employment

In 1976, there were over 15,000 commercial and mutual savings banks in the United States. (Individual branches numbered approximately 50,000, but hiring usually takes place only at the main offices.) Bank employment is concentrated in a relatively small number of very large banks. In 1976, for example, almost two-thirds of all commercial bank employees worked in the Nation's 800 largest commercial banks; less than 6 percent were employed by the 6,000 smallest commercial banks.

Most bank employees work in heavily populated States, such as New York, California, Illinois, Pennsylvania, and Texas. New York City, the financial capital of the Nation, has far more bank workers than any other city.

Training and Advancement

Professional and managerial bank workers usually have completed college; most tellers and clerks have finished high school; guards and building service personnel may have less than a high school education.

Most new employees receive some form of in-service bank training. Banks also provide other opportunities for workers to broaden their knowledge and skills. Many banks encourage employees to take courses at local colleges and universities. In addition, banking associations sponsor a number of programs, sometimes in cooperation with colleges and universities. The American Bankers Association (ABA) offers

Bank officers and managers account for about 1 out of 4 bank employees.

the most extensive national program for bank officers. Each of its dozen schools located all over the country deals with a different phase of banking. Officers attend annual sessions of one or two weeks and receive degrees after one to three years in areas such as commercial lending, installment credit, and international banking. ABA also sponsors annual seminars and conferences and provides textbooks and other educational materials. Many banks pay all or part of the costs for those who successfully complete courses.

Support personnel can prepare for better jobs through courses offered by the American Institute of Banking (AIB), an arm of the ABA. The Institute, which has over 400 chapters in cities across the country and numerous study groups in small communities, also offers correspondence study and assists local banks in conducting cooperative training programs. The great majority of banks use AIB facilities; many banks use other training sources as well.

Salary practices in banks resemble those in many other industries. Most banks review a new employee's salary twice during the first year. Thereafter, employees generally are considered for a salary increase once a year. In addition to salary, many banks provide compensation as an incentive to outstanding performance, such as selling services or increasing deposits. The employee usually receives this compensation as an immediate or yearend bonus.

Bank employees should enjoy working with numbers and should be able to handle large amounts of money. They should present a good image to customers. Often bank officials are encouraged to participate in community activities.

Employment Outlook

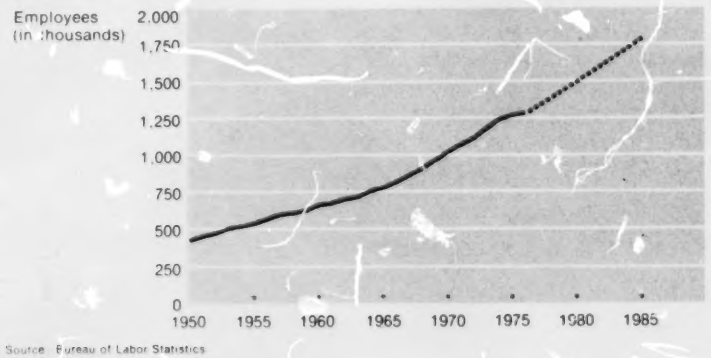
Banks should continue to be a major source of job opportunities in office occupations. Banking employment is expected to rise faster than the average for all industries through the mid-1980's. New jobs resulting from employment growth, as well as those that arise as employees retire, die, or stop working for other reasons, are expected to account for tens of thousands of openings each year. Moreover, most entry-level openings should be open to all qualified candidates. While a friend's referral may help the applicant get his or her foot in the door, especially in smaller establishments, most banks rely upon walk-in applicants as their single largest source of new personnel.

Most openings occur at the clerical level. High turnover among tellers should result in numerous job openings. Particularly strong demand is expected for office machine and computer operators.

Two kinds of opportunities exist for the college graduate: As trainees for officer or managerial positions, and as professional personnel such as accountants, auditors, statisticians,

Employment in the banking industry will continue to grow very rapidly as banks improve and expand services

Wage and salary workers in the banking industry, 1950-76 and projected 1985



Source: Bureau of Labor Statistics

computer programmers, and systems analysts.

A growth in bank facilities and a rise in population, sales, and incomes will result in more financial transactions. Jobs also will be created as banks continue to improve and expand services such as bank charge cards and the handling of accounts for retail stores. As banks strive to bring these and other services closer to suburban areas, branch banks will grow in number and provide additional employment opportunities.

The continued conversion to electronic data processing may lessen demand for some bank workers, despite the expected increase in bank services. The effect of this development will vary by occupation, as indicated in the statements on specific banking occupations elsewhere in the *Handbook*.

Bank employees are less likely to be laid off during periods of low business activity than workers in many other fields. Even when a bank is sold or merged, workers seldom lose their jobs. Bank officials usually reduce employment, when necessary, by not replacing employees who leave their jobs.

Earnings and Working Conditions

In addition to salaries, bank workers generally receive liberal fringe benefits. For example, most banks have some type of profit-sharing or bonus plan. Group plans that provide life insurance, hospitalization, surgical benefits, and retirement income are common. Sometimes free checking accounts or safe-deposit boxes also are provided. These fringe benefits, along with job stability, may compensate for the fact that banking salaries tend to be lower than those paid for comparable positions in other industries.

The workweek in banks is generally 40 hours or less; in a few localities, a workweek of 35 hours is common. Tellers and some other employees may work at least one evening a week when banks remain open for business. Certain check processors and operators of computing equipment may work on evening shifts.

Sources of Additional Information

General information about banking occupations, training opportunities, and the banking industry itself is available from:

American Bankers Association, Bank Personnel Division, 1120 Connecticut Ave NW., Washington, D.C. 20036.

National Association of Bank Women, Inc., National Office, 111 E. Wacker Dr., Chicago, Ill. 60601.

National Bankers Association, 4310 Georgia Ave. NW., Washington, D.C. 20011.

For information about career opportunities as a bank examiner, contact:

Federal Deposit Insurance Corporation, Director of Personnel, 550 17th St. NW., Washington, D.C. 20429.

Information on careers with the Federal Reserve System is available from:

Board of Governors, The Federal Reserve System, Personnel Department, Washington, D.C. 20551 or from the personnel department of the Federal Reserve bank serving each geographic area.

State bankers' associations can furnish specific information about job opportunities. Writing directly to a particular bank to inquire about job openings also can produce favorable results. For the names and addresses of banks in a specific location as well as the names of their principal officers, consult one of the following directories, which are published twice each year:

The American Bank Directory, (Norcross, McFadden Business Publications).

Bankers Directory—The Banker's Blue Book, (Chicago, Rand McNally International).

Polk's World Bank Directory, (Nashville, R.L. Polk & Co.).

BANK CLERKS

(D.O.T. 209.388, 210.388, 215.388 217.388, 219.388 and .488)

Nature of the Work

All organizations need clerks to handle paperwork. Because of the specialized nature of banking, some clerical duties in banks differ from those of other businesses. (Secretaries, typists, receptionists, file clerks, and other clerical workers whose jobs are much the same in banks as in other businesses are discussed in greater detail elsewhere in the *Handbook*.)

In a small bank, one clerk may do several jobs, such as sorting checks, totaling debit and credit slips, and preparing monthly statements for depositors. In a large bank, however, each clerk usually specializes and frequently has a special job title, as well.

Many bank clerks use office machines unique to banking. Clerks known as *sorters* (D.O.T. 219.388) separate documents—checks, deposit slips, and other items—into different groups and tabulate each "batch" so they may be charged to the proper accounts. Often clerks use canceling and adding machines in their work. *Proof machine operators* (D.O.T. 217.388) use equipment that sorts checks and deposit slips, adds their amounts, and records the tabulations.

Bookkeeping workers are the largest single group of bank clerks. *Bookkeeping machine operators* (D.O.T. 215.388) may use conventional bookkeeping machines or electronic posting machines to record financial transactions. In banks, these workers are sometimes known as account clerks, posting machine operators, or recording clerks. The job titles of *bookkeepers* (D.O.T. 210.388) sometimes relate to the kinds of records they keep—for example, Christmas club bookkeeper, discount bookkeeper, interest-accrual bookkeeper, trust bookkeeper, and commodity loan clerk. Thousands of *bookkeeping and accounting clerks* (D.O.T. 219.488) also do routine typing, calculating, and posting. Included in this group are reconcilement clerks, who process statements from other banks to aid the auditing of accounts, and trust investment clerks, who post the daily investment transactions of bank customers.

Other clerical employees whose duties and job titles are unique to banking include *country collection clerks* (D.O.T. 219.388), who sort thousands of pieces of mail daily and

Clerks in large banks are usually assigned specialized duties.

determine which items must be held at the main office and which should be routed to branch banks for collection. Also employed are *transit clerks* (D.O.T. 217.388), who sort checks and drafts on other banks, list and total the amounts involved, and prepare documents to be mailed for collection; *exchange clerks* (D.O.T. 219.388), who service foreign deposit accounts and determine charges for cashing or handling checks drawn against such accounts; *interest clerks* (D.O.T. 219.388), who keep records on interest-bearing items that are due to or from the bank; and *mortgage clerks* (D.O.T. 209.388), who type legal papers dealing with real estate upon which money has been loaned, and maintain records relating to taxes and insurance on these properties.

Electronic data-processing has created several new clerical occupations unique to banking. These include the electronic reader-sorter operator who runs electronic check sorting equipment; the check inscriber or encoder who operates machines that print information in magnetic ink on checks and other documents for machine reading; and the control clerk who keeps track of the large volume of documents flowing in and out of the computer division. Other occupations include card-tape converter operator, coding clerk, console operator, data typist, data converting machine operator, data examination clerk, high speed printer operator, tape librarian, teletype operator, and verifier operator.

Banks employed approximately 456,000 clerical workers in 1976; almost one-fifth were bookkeepers; one-fourth were stenographers, typists or secretaries; and almost one-fifth were office machine operators.

Training, Other Qualifications, and Advancement

High school graduation is considered adequate preparation for most beginning clerical jobs in banks. Courses in bookkeeping, typing, business arithmetic, and office machine operation are desirable. Applicants may be given brief tests to determine their ability to work rapidly and accurately, and to communicate effectively with others. They should be able to work under close supervision as part of a team.

Beginners often are hired as file clerks, keypunch operators, transit clerks, or clerk-typists. Some are trained by the bank to operate various office machines. A few start as messengers.

A clerk in a routine job may be promoted to a clerical supervisory position, to teller or credit analyst, and eventually to senior supervisor. Advancement to a bank officer position is a possibility for outstanding clerks who have had college training or have taken specialized courses in banking. Additional education—particularly courses offered by the American Institute of Banking—may help workers advance. (See statement on the banking industry for information on the Institute's educational program.) In general, promotion depends upon the worker's performance, qualifications, and motivation as well as the available openings.

Employment Outlook

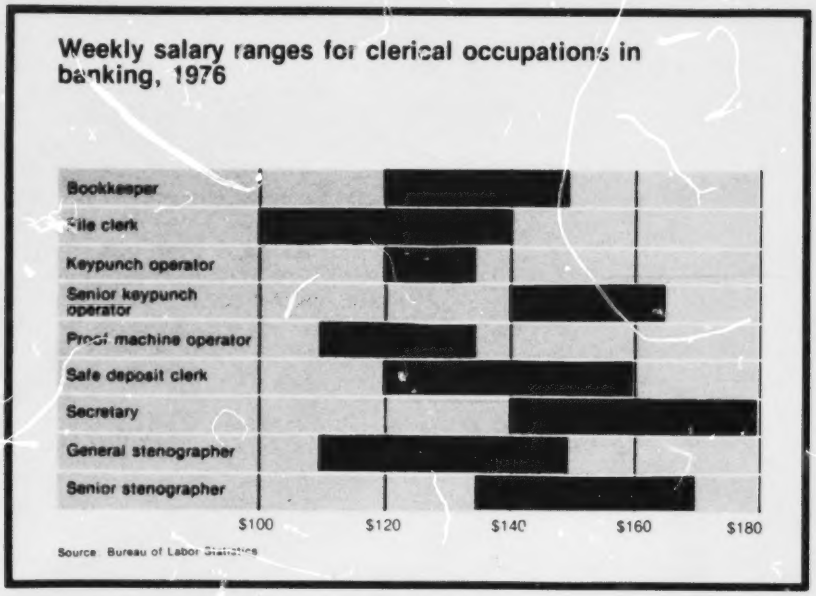
Employment of bank clerks is expected to grow faster than the average for other occupations through the mid-1980's. In addition to opportunities stemming from employment growth, many jobs will open up from the need to replace the large number of clerks who leave their jobs each year. As a result, banking should continue to be a good source of employment opportunities for clerical workers.

Jobs for clerks will arise as established banks expand their services and new banks and branches open. Future employment growth will differ markedly among individual clerical occupations. Nearly all banks use electronic equipment that lessens demand for workers such as check sorters and bookkeeping machine operators. Moreover, the need for keypunch operators is declining as banks shift from punched card- to magnetic tape-based computer systems.

No evidence suggests, however, that new technologies will displace large numbers of workers. Overall, the banking industry and employment of clerks in the banking industry are expected to grow. Workers whose duties are given to a machine most likely will be reassigned to new jobs created by the change or to duties related to new banking services.

Earnings

Beginning salaries for clerical workers depend upon the worker's actual position and length of experience, as well as the size and location



of the bank. For reference, an inexperienced typist usually earned between $95 and $120 a week in 1976.

The accompanying chart indicates salary ranges for various clerical occupations in banking in 1976. In general, financial institutions have paid clerical workers lower salaries than have other industrial groups, such as wholesale trade or manufacturing. In 1973, clerical salaries in banking ran below the average for all industries; by 1976 this relative standing had not improved.

See the statement on the banking industry for additional information.

BANK OFFICERS AND MANAGERS

(D.O.T. 186.118, .138, .168, and .288; 161.118, 189.118 and .168)

Nature of the Work

Practically every bank has a president who directs operations; one or more vice presidents who act as general managers or who are in charge of bank departments such as trust or credit; and a comptroller or cashier who, unlike cashiers in stores and other businesses, is an executive officer generally responsible for all bank property. Large banks also may have treasurers and other senior officers, as well as junior officers, to supervise the various sections within different departments. Banks employed over 300,000 officers and managers in 1976.

Bank officers make decisions within a framework of policy set by the board of directors and existing laws and regulations. They must have a broad knowledge of business activities to relate to the operations of their department. For example, loan officers evaluate the credit and collateral of individuals and businesses applying for a loan. Similarly, trust officers must understand each account before they invest funds to support families, send young people to college, or pay retirement pensions. Besides supervising financial services, officers advise individuals and businesses and participate in community projects.

Because banks offer many services, a wide choice of careers is available to workers who specialize.

Loan officers may handle installment, commercial, real estate, or agricultural loans. To evaluate loan applications properly, officers need to be familiar with economics, production, distribution, merchandising, and commercial law. Also, they need to know business operations and should be able to analyze an industry's financial statements.

Bank officers in trust management require knowledge of financial plan-

A loan officer evaluates an individual's credit rating before approving a loan.

ning and investment for investment research and for estate and trust administration.

Operations officers plan, coordinate, and control the work flow, update systems, and strive for administrative efficiency. Careers in bank operations include electronic data processing manager and other positions involving internal and customer services.

A correspondent bank officer is responsible for relations with other banks; a branch manager, for all functions of a branch office; and an international officer, for advising customers with financial dealings abroad. A working knowledge of a foreign country's financial system, trade relations, and economic conditions is beneficial to those interested in international banking.

Other career fields for bank officers are auditing, economics, personnel administration, public relations, and operations research.

Training, Other Qualifications, and Advancement

Bank officer and management positions generally are filled by management trainees, and occasionally by promoting outstanding bank clerks or tellers. College graduation usually is required for management trainees. A business administration major in finance or a liberal arts curriculum including accounting, economics, commercial law, political science, and statistics serves as excellent preparation for officer trainee positions. In fact, a Master of Business Administration (MBA) in addition to a social science bachelor's degree comes closest to the "ideal" college education. However, banks do hire people with diverse backgounds such as chemical engineering, nuclear physics, and forestry to meet the needs of complex, high-technology industries with which they deal. Valuable experience may be gained through summer employment programs.

A management or officer trainee may spend a year or two learning the various banking areas before choosing a permanent position. This practice is common but not universal. A bank may hire an applicant with specific skills for a position that is clearly defined at the outset.

Persons interested in becoming bank officers should like to work independently and to analyze detailed information. They also need tact and good judgment to counsel customers and supervise employees.

Advancement to an officer or management position may come slowly in small banks where the number of positions is limited. In large banks that have special training programs, promotions may occur more quickly. For a senior officer position, however, an employee usually needs many years of experience.

Although experience, ability, and leadership are emphasized for promotion, advancement may be accelerated by special study. The American Bankers Association (ABA) offers courses, publications, and other training aids to officers on every phase of banking. The American Institute of Banking, an arm of the ABA, has long filled the same educational need among bank support personnel. (See the statement on the banking industry elsewhere in the *Handbook* for more information on these and other training programs sponsored by universities and local bankers' associations.)

Employment Outlook

Through the mid-1980's, employment of bank officers is expected to increase faster than the average for all occupations. Rising costs due to expanded banking services and the increasing dependence on computers will require more officers to provide sound management and effective quality control. Opportunities also will arise as experienced officers leave their jobs. College graduates who meet the standards for management trainees should find good opportunities for entry positions.

Earnings

Officer trainees at the bachelor's level generally earned between $800 and $900 a month in 1976. Those with an M.A. or M.S. started at between $1,000 and $1,200 a month. A Master of Business Administration, however, appears to be worth more in salary terms: graduates with an MBA were offered starting salaries of $1,300 to $1,400 a month in 1976.

Salaries of senior bank officers may be several times as much as starting salaries. The actual salary level depends upon the particular position and the size and location of the bank. For officers, as well as for other bank employees, earnings are likely to be lower in small towns than in big cities.

See the statement on the banking industry elsewhere in the *Handbook* for additional information on banking occupations.

BANK TELLERS

(D.O.T. 212.368)

Nature of the Work

Most bank customers have contact with the teller, the man or woman behind the window who cashes checks and processes deposits or withdrawals. Many banks employ one or two "all-purpose" tellers; larger banks employ tellers in more specialized functions. One teller, for example, sells saving bonds; another accepts payment for customers' utility bills. A third receives deposits for Christmas club accounts; and a fourth keeps records and performs the necessary paperwork for customer loans. Still other tellers handle foreign currencies, sell travelers' checks, or compute interest on savings accounts.

Commercial tellers, the most common, cash customers' checks and handle deposits and withdrawals from checking and savings accounts. Before cashing a check, the teller must see that the written and numerical amounts agree, verify the identity of the person to receive payment, and be certain that the payee's account has sufficient funds to cover the check. The teller must carefully count out the cash to avoid errors. Often a customer withdraws money in the form of a cashier's check, which the teller types up and verifies.

When accepting a deposit, the teller checks the accuracy of the deposit slip and enters the total in a passbook or on a deposit receipt. Tellers may use machines to make change and total deposits. In some banks, tellers use computer terminals to record deposits and withdrawals In other banks, they write deposit receipts and passbook entries by hand.

Tellers' duties begin before and continue after banking hours. A teller begins the day by receiving and counting an amount of working cash for his or her drawer; this amount is verified by a supervisor, usually the head teller. The tellers use this cash for payments during the day and are responsible for its safe and accurate handling. After banking hours, tellers count cash on hand, list the currency-received tickets on a settlement sheet, and balance the day's accounts. They also sort checks and deposit slips. Paying and receiving tellers may supervise one clerk or more. A teller generally works 37 to 40 hours per week.

For many young people just out of school, working as a teller is their first job. Because the job involves repetitive work with great attention to detail and long periods of time on one's feet, this occupation does not suit some people. The high rate of turnover suggests that, after a couple of years' work, many tellers seek other positions.

About 310,000 tellers were employed in 1976. A large number worked part time.

Training, Other Qualifications, and Advancement

In hiring tellers, banks seek people with basic qualities: clerical skills, friendliness, attentiveness. Although not required, a high school diploma is generally preferred. Maturity, neatness, tact, and courtesy are important because customers deal with tellers far more frequently than with other bank employees. Although tellers work independently, their recordkeeping is closely supervised. They work with detail and are confined to a small work area.

New tellers usually observe experienced workers for a few days before doing the work themselves. Training may last from a few days to 3 weeks or longer. Beginners usually start as commercial tellers; in large banks which have a separate savings teller's "cage," they may start as savings tellers. Often banks simultaneously train tellers for other clerical duties.

The conditions governing advancement of tellers are much the same as those for clerks. The teller interested in promotion has access to courses and other sources of additional training. Such self-improvement efforts, coupled with satisfactory performance on the job, would make a teller an attractive candidate for promotion. After gaining experience, a teller in a large bank may advance to head teller; those who have had some college or specialized training offered by the banking industry may be promoted to an officer's or managerial position. (See the statement on the banking industry for information about the educational programs of the American Institute of Banking.)

Employment Outlook

The number of bank tellers is expected to increase faster than the average for all occupations through the mid-1980's as banks expand services. Thousands of openings will occur each year as a result of employment growth and the need to replace tellers who retire, die, or stop working for other reasons. The relatively high replacement needs in this occupation are expected to be an important source of job opportunities. Qualified applicants should find good employment prospects.

Although increased use of mechanical and electronic equipment may eliminate some routine duties and speed other work, total employment is not likely to be adversely affected.

Earnings

Most beginning tellers earned between $95 and $120 a week in 1976. Experienced tellers generally earned between $125 and $175 a week. The actual salary depends upon the length of service, the location and size of the bank, and the worker's specific duties. Most savings tellers, for example, earned between $125 and $145 a week in 1976, while note

An increasing number of tellers will be needed to work part time.

tellers usually earned between $150 and $170 a week. In general, the greater the range of responsibilities the teller performs, the higher his or her salary.

See the statement on the banking industry elsewhere in the *Handbook* for additional information on this and other banking occupations.

OCCUPATIONS IN THE INSURANCE INDUSTRY

The insurance industry offers many employment opportunities both for recent high school and college graduates and for experienced workers.

The 1,800 life and 2,800 property-liability (also called casualty) insurance companies do business in home and regional offices and also in thousands of sales offices throughout the country.

Nature of the Business

There are three major types of insurance: life, property-liability, and health. Some companies specialize in only one type; a growing number of large insurers now offer several lines of insurance. For example, several life insurance carriers can now offer their policyholders protection for their homes and cars; at the same time, major property-liability companies sell life insurance policies. Many insurance companies also offer mutual fund shares and variable annuities as additional investment choices for their customers.

Life insurance companies sell policies that provide benefits to survivors upon the death of the insured. Some life insurance policies also provide policyholders with a steady income when they reach retirement age or if they become disabled; policies may be designed to help provide funds to educate children when they reach college age, or give extra financial protection while the children are young. Life insurance policies also may be used to protect business interests and to guarantee employee benefits. Property-liability insurance provides policyholders with protection against loss or damage to their property, and protects them from financial responsibility for injuries to others or damage to other people's property. It covers hazards such as fire, theft, and windstorm, as well as workers' compensation and other claims. Most life and property liability companies sell accident and health insurance, which helps policyholders pay medical expenses, and may furnish other benefits for an injury or illness.

An increasing number of insurance policies cover groups ranging from a few individuals to many thousands. These policies usually are issued to employers for the benefit of their employees. Most common are group life and health plans, although the number of group automobile and homeowner policies is growing rapidly. In 1976, group life insurance protected about 75 million persons; the number of policies was about 60 percent higher than the number 10 years earlier.

Insurance Workers

About 1.6 million people worked in the insurance business in 1976. The majority were in clerical and sales jobs. (See accompanying chart.)

Nearly half of all insurance workers have clerical jobs; only the banking industry has a larger proportion of employees doing clerical work. In insurance, clerical workers keep records of premium payments, services, and benefits paid to policyholders. Most are secretaries, stenographers, typists, statistical clerks, office machine operators, or general office clerks. They do work similar to that of their counterparts in other businesses.

Other clerical workers have positions of greater responsibility that require extensive knowledge of some phase of insurance. They include *claim adjusters* (D.O.T. 241.168) and *claim examiners* (D.O.T. 249.268) who decide whether claims are covered by the policy, see that payment is made, and, when necessary, investigate the circumstances surrounding the claim. (See the statement on Claim Representatives elsewhere in the *Handbook*.)

Nearly one-third of all insurance employees are sales workers—chiefly agents and brokers who sell policies to individuals and business firms.

Nearly half of all insurance workers have clerical jobs.

Agents and brokers (D.O.T. 250.258) usually find their own customers or "prospects," and see that each policy they sell meets the individual needs of the policyholder. (See the statement on insurance agents and brokers elsewhere in the *Handbook*.)

About one out of eight insurance workers has a managerial job. Managers of local sales offices often spend part of their time selling. Others, who work in home offices, are in charge of departments such as actuarial calculations, policy issuance, accounting, and investments.

Professionals, employed mainly at home offices, represent about 1 out of 15 insurance workers. These specialists, who work closely with insurance company managers, study insurance risks and coverage problems, analyze investment possibilities, prepare financial reports, and do other professional work. Among them is the *actuary* (D.O.T. 020.188) whose job is unique to the insurance field. Actuaries make studies of the probability of an insured loss and determine premium rates. (See the statement on actuaries elsewhere in the *Handbook*.) Another specialist is the *underwriter* (D.O.T. 169.188), who evaluates insurance applications to determine the risk involved in issuing a policy. Underwriters decide whether to accept or reject the application; they also determine which premium rate should apply for each policy issued. (See the statement on underwriters elsewhere in the *Handbook*.)

Other professional employees do essentially the same work in insurance companies as in other businesses. Accountants, for example, analyze insurance company records and financial problems relating to premiums, investments, payments to policyholders, and other aspects of the business. Safety engineers, fire protection engineers, and industrial hygienists in casualty companies consult with industrial and commercial policyholders on matters concerning the health and safety of their employees. (See the statement on occupational safety and health workers elsewhere in the *Handbook*.) Lawyers interpret the regulations that apply to insurance company operations and handle the settlement of some insurance claims. Investment analysts evaluate real estate mortgages and new issues of bonds and other securities, analyze investments held by their companies, and recommend when to hold, buy, or sell. As more computers are installed to process insurance records, an increasing number of programmers, systems analysts, and other data processing specialists are being employed. Most companies also employ public relations, sales promotion, and advertising specialists.

As more computers are installed to process insurance records, an increasing number of data processing specialists are being employed.

Insurance companies require the same kinds of custodial and maintenance work as other large organizations. About 1 out of 45 workers in the insurance business performs these duties.

Places of Employment

Insurance company home and regional offices generally are located near large urban centers. Nearly one-half of all persons employed in these large offices work in seven States: New York, California, Illinois, Texas, Pennsylvania, Ohio, and Massachusetts. Insurance workers who deal directly with the public—sales personnel and claim adjusters—are located throughout the country. Almost all insurance agents and brokers work out of local company offices or independent agencies. Many claim adjusters work in independent firms located in small cities and towns throughout the country. Company operated drive-in claim centers are located in many medium-sized towns.

About half of all insurance employees work in life companies and agencies. Included in this group are some very large companies with thousands of employees; nearly one-third of life company workers are employed in firms of more than 1,000 people. Property-liability companies, although more numerous than life insurance companies, generally have fewer workers; fewer than one in five of those employed in casualty companies work in establishments of 1,000 or more. Most local agencies and sales offices are relatively small, regardless of the types of insurance handled. About 60 percent of these offices employed fewer than 20 persons.

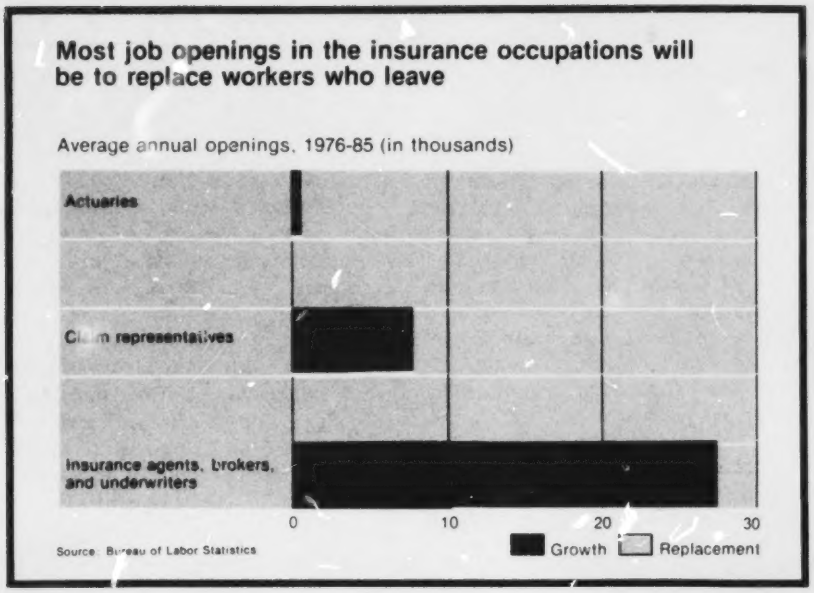
Training, Other Qualifications, and Advancement

Insurance offers job opportunities for people with different educational backgrounds and talents. Some positions require specific college training; others can be filled by workers with limited academic training and few skills.

Graduation from high school or business school is enough training for most beginning clerical jobs. Courses in typing and business math are assets; the ability to operate office machines also is helpful. These and other special skills help beginners advance to more responsible jobs.

Jobs in engineering, accounting, and other professional fields generally require the same kinds of college training here as in other businesses. College-trained people also are preferred for managerial positions, many of which are filled by promotion from within.

In all work requiring contact with the public, employees should have a pleasant disposition and an outgoing personality. Those in frequent contact with policyholders should be able to inspire confidence in their ability to protect the customer's interests. Because insurance companies often encourage their managers



and administrative employees to participate in community organizations, they should be people who enjoy working with others in a social situation.

Insurance workers have ample opportunity to continue their education. The Insurance Institute of America, for example, has home study courses for claim adjusters, claim examiners, underwriters, and sales workers. The American College of Life Underwriters, the National Association of Life Underwriters, and the Life Underwriter Training Council offer courses that stress the services agents provide to policyholders. Other courses, especially designed to help clerical employees better understand life insurance, relate to the organization and operation of both home and field offices. These are given by the Life Office Management Association, which also provides programs for the development of supervisors and managers.

Employment Outlook

Employment of insurance workers is expected to increase about as fast as the average for all occupations through the mid-1980's as the insurance industry continues to expand. In addition to new jobs that will become available, thousands of openings will occur as employees die, retire, or leave their jobs to seek other work.

The expected increase in employment will result mainly from a growing volume of insurance business. As a larger proportion of the population enters the age group normally associated with family formation, higher incomes, and greater consumer spending, insurance sales should expand. Sales of life insurance will rise as the growing number of young adults attempt to provide a secure future for their families. Property-liability insurance sales should expand as they buy homes, cars, and other items that require insurance protection. More business insurance will be needed as new plants are built, new equipment is installed, and more goods are shipped throughout the country and the world. Additional sales will be generated by a rising demand for relatively new services such as dental, prepaid legal, and kidnap insurance. Furthermore, the growing concern over the health and safety of industrial workers and consumers will spur demand for men and women to work in the areas of occupational safety and health, product liability, and workers' compensation.

Growth of insurance employment, however, is not expected to keep pace with the expanding volume of business for several reasons. Sales workers are expected to become more productive as more insurance is sold through group contracts and multiple-line policies (those that cover many different risks formerly covered in separate policies). Although the total number of clerical jobs probably will continue to rise, the increasing use of computers to do routine jobs will lessen the demand for many low-skilled clerical workers. In addition, State "no-fault" insurance plans should reduce the number and complexity of automobile claims to be adjusted, thus lessening the demand for automobile claim adjusters.

The insurance industry has always been a stable employer and most insurance workers have better prospects of regular employment than workers in many other industries. Business people usually regard property-liability insurance as a necessity, both during economic recession and in boom periods. Individuals who buy insurance try to provide as much basic financial protection as possible, even when their incomes decline.

Earnings and Working Conditions

Earnings of nonsupervisory office workers in insurance companies averaged $170 a week in 1976, slightly below the average for all industries. There were significant differences in earnings depending upon the type of insurance company. For example, workers in companies specializing in accident and health insurance averaged $164 a week, while employees in life companies earned $167 and workers in casualty companies were paid average weekly salaries of $174. Salary levels in different parts of the country also vary; earnings are generally lowest in southern cities and highest in northeastern and western metropolitan areas. Within a geographic region, salaries usually are higher in the larger companies.

A 1976 survey of life insurance companies revealed a wide range of clerical salaries. File clerks earned about $117 a week and typists received about $124. Executive secretaries averaged about $234 and experienced computer operators were paid average weekly salaries of $220.

Starting salaries for professional workers are generally comparable to those for similar positions in other

businesses. According to information available from private surveys of life and property-liability insurance companies, 1976 college graduates started at salaries ranging from $8,500 to $12,000 a year. Specialists with graduate degrees or several years' experience may receive considerably higher starting salaries. Unlike salaried professional workers, agents and brokers earn commissions on the policies they sell. (See the statement on insurance agents and brokers elsewhere in the *Handbook*.) Annual salaries for supervisors in life and property-liability companies ranged from $17,000 to $25,000. Those in executive positions earned between $35,000 and $50,000 a year in 1976, depending upon their area of specialization and level of responsibility.

Except for agents and brokers who sometimes must extend their working hours to meet with prospective clients, insurance company employees worked an average of 37 hours a week in 1976. The number of paid holidays is somewhat greater than in many other industries. Two-week paid vacations generally are granted employees after 1 year of service; in most companies, paid vacations are extended to 3 weeks after 5 years and, in some, to 4 weeks after 10 years. Practically all insurance company workers share in group life and health plans, as well as in retirement pensions.

Sources of Additional Information

General information on employment opportunities in the insurance business may be obtained from the personnel departments of major insurance companies or from insurance agencies in local communities.

Other information on careers in the insurance field is available from:

American Council of Life Insurance, 1850 K St. NW., Washington, D.C. 20006.

Insurance Information Institute, 110 William St., New York. N.Y. 10038.

American Mutual Insurance Alliance, 20 N. Wacker Dr., Chicago, Ill. 60606.

National Association of Independent Insurers, Public Relations Department, 2600 River Rd., Des Plaines, Ill., 60018.

ACTUARIES

(D.O.T. 020.188)

Nature of the Work

Why do young persons pay more for automobile insurance than older persons? How much should an insurance policy cost? Answers to these and similar questions are provided by actuaries who design insurance and pension plans that can be maintained on a sound financial basis. They assemble and analyze statistics to calculate probabilities of death, sickness, injury, disability, unemployment, retirement, and property loss from accident, theft, fire, and other potential hazards. Actuaries use this information to determine the expected insured loss. For example, they may calculate how many persons who are 21 years old today can be expected to live to age 65—the probability that an insured person might die during this period is a risk to the company. They then calculate a price for assuming this risk that will be profitable to the company yet be competitive with other insurance companies. Finally, they must make sure that the price charged for the insurance will enable the company to pay all claims and expenses as they occur. In the same manner, the actuary calculates premium rates and determines policy contract provisions for each type of insurance offered. Most actuaries specialize in either life and health insurance or property and liability (casualty) insurance; a growing number specialize in pension plans.

To perform their duties effectively, actuaries must keep informed about general economic and social trends, and legislative, health, and other developments that may affect insurance practices. Because of their broad knowledge of insurance, company actuaries may work on problems arising in their company's investment, group underwriting, or pension planning departments. Actuaries in executive positions help determine general company policy. In that role, they may be called upon to explain complex technical matters to company executives, government officials, policyholders, and the public. They may testify before public agencies on proposed legislation affecting the insurance business, for example, or explain intended changes in premium rates or contract provisions.

Actuaries who work for the Federal Government usually deal with a particular insurance or pension program, such as social security or life insurance for veterans and members of the Armed Forces. Actuaries in State government positions regulate insurance companies, supervise the operations of State retirement or pension systems, and work on prob-

Employment of actuaries is influenced by the volume of insurance sales.

lems connected with unemployment insurance or workers' compensation. Consulting actuaries set up pension and welfare plans for private companies, unions, and government agencies. They calculate future benefits and determine the amount of the annual employer contribution. Actuaries who are enrolled under the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) evaluate these pension plans and submit reports certifying their financial soundness.

Places of Employment

Approximately 9,000 persons worked as actuaries in 1976. Four of every 10 actuaries worked in five major cities—New York, Hartford, Chicago, Philadelphia, and Boston.

About two-thirds of all actuaries worked for private insurance companies. Almost 90 percent of these worked for life insurance companies; the rest worked for property and liability (casualty) companies. The number of actuaries employed by an insurance company depends on the volume of its business and the number and types of insurance policies it offers. Large companies may employ over 100 actuaries on their staffs; others, generally smaller companies, may rely instead on consulting firms or rating bureaus (associations that supply actuarial data to member companies).

Consulting firms and rating bureaus employ about one-fifth of all actuaries. Other actuaries work for private organizations administering independent pension and welfare plans or for Federal and State government agencies. A few teach in colleges and universities.

Training, Other Qualifications, and Advancement

A good educational background for a beginning job in a large life or casualty company is a bachelor's degree with a major in mathematics or statistics; a degree in actuarial science is even better. Some companies hire applicants with a major in engineering, economics, or business administration, provided they demonstrate a thorough foundation in calculus, probability, and statistics (20-25 hours). Other desirable courses are insurance law, economics, and accounting. Although only 25 colleges and universities offer a degree in actuarial science, several hundred schools offer a degree in mathematics or statistics.

A strong background in mathematics is essential for persons interested in a career as an actuary. Of equal importance, however is the need to pass while in school one or more of the examinations offered by professional societies. Three societies sponsor programs leading to full professional status in their speciality. The Society of Actuaries gives 9 actuarial examinations for the life and health insurance and pension field, the Casualty Actuarial Society gives 10 examinations for the property and liability field, and the American Society of Pension Actuaries gives nine examinations covering the pension field. Because the first parts of the examination series of each society cover similar materials, students need not commit themselves to a career specialty until they have taken about four examinations. Success in passing the first few examinations helps students evaluate their potential as actuaries. Those who pass these examinations usually have better opportunities for employment and receive a higher starting salary.

Actuaries are encouraged to complete an entire series of examinations as soon as possible. It generally takes from 5 to 10 years to complete the series required for full professional status. Examinations are given twice each year. Extensive home study is required in order to pass the advanced examinations; many actuaries spend as much as 20-25 hours a week studying. Actuaries who complete five examinations in either the life insurance series or the pension series or seven examinations in the casualty series are awarded "associate" membership in their respective society. Those who have passed an entire series receive full membership and the title "fellow."

Consulting pension actuaries who service private pension plans and certify their solvency must be enrolled by the Joint Board for the Enrollment of Actuaries. Applicants for enrollment must meet certain experience and education requirements as stipulated by the Joint Board.

Beginning actuaries often rotate among different jobs to learn various actuarial operations and to become familiar with different phases of insurance work. At first, their work may be rather routine, such as preparing calculations or tabulations for actuarial tables or reports. As they gain experience, they may supervise actuarial clerks, prepare correspondence and reports, and do research.

Advancement to more responsible work as assistant, associate, and chief actuary depends largely on job performance and the number of actuarial examinations passed. Many actuaries, because of their broad knowledge of insurance and related fields, are selected for administrative positions in other company activities, particularly in underwriting, accounting, or data processing departments. Many actuaries advance to top executive positions.

Employment Outlook

Employment of actuaries is expected to rise faster than the average for all occupations through the mid-1980's. In addition to job openings resulting from this growth, several hundred actuaries will be needed each year to replace those who retire, die, or transfer to other occupations. Job opportunities will be best for new college graduates who have passed at least two actuarial examinations while still in school and have a strong mathematical and statistical background. However, because of the large number of persons expected to receive degrees in actuarial science, mathematics, and statistics, and the large number of students taking actuarial examinations, competition for beginning jobs should remain keen.

Employment in this occupation is influenced to a great extent by the volume of insurance sales, which will continue to grow over the next decade. Shifts in the age distribution of the population through the mid-1980's will result in many more people with established careers and family responsibilities. This is the group

that traditionally has accounted for the bulk of private insurance sales.

Increased sales, however, are only one determinant of the demand for actuaries. In addition, changes in existing insurance practices are creating a need for more actuarial services. As more and more insurance companies branch out into more than one kind of insurance coverage, a greater number of actuaries will be needed to establish the rates for the variety of insurance offered. Growth in sales of relatively new forms of protection, such as dental, prepaid legal, and kidnap insurance will create additional demand for actuaries. As more States pass competitive rating laws, many companies that previously relied on rating bureaus for actuarial data can be expected to expand existing actuarial departments or create new ones.

Recent court decisions concerning product liability have focused much attention on this complex area. In the years ahead, actuaries will be spending a lot of time developing better ways to provide product liability, medical malpractice, and workers' compensation insurance protection.

Adoption of a "no-fault" automobile insurance plan requires companies writing automobile insurance to reevaluate their pricing structures in light of no-fault requirements. It is uncertain whether Federal no-fault legislation will be enacted soon; however, the growing number of States enacting no-fault plans or revising existing ones indicates continued strong demand for actuaries to make the required analyses.

ERISA has imposed strict responsibilities on actuaries for the operation and funding of pension plans. As the number of pension plans continues to grow, there will be an increasing need for pension specialists to develop adequately financed plans and to prepare the reports that certify their solvency.

Earnings and Working Conditions

In 1976, actuaries had average salaries more than twice as high as the average for all nonsupervisory workers in private industry, except farming. New college graduates entering the life insurance field without having passed any actuarial exams averaged $10,600 in 1976, according to a survey of U.S. companies by the Life Office Management Association (LOMA). Applicants who had successfully completed the first exam received $11,200 and those who had passed two exams averaged $11,800.

In the Federal Government, new graduates with the bachelor's degree could start at $9,300 a year in 1977. Applicants with either 1 year of graduate study or relevant work experience were hired at $11,500, and those with the master's degree or 2 years' experience started at $14,100 a year. Actuaries in the Federal Government averaged $25,100 a year in 1977.

Beginning actuaries can look forward to a marked increase in earnings as they gain professional experience and advance in an actuarial society's examination program. Life insurance companies usually give merit increases averaging from $500 to $850 to their actuaries as they pass each successive examination leading to membership in the Society of Actuaries. Associates who received that designation in 1976 averaged $16,500 a year; salaries for actuaries who were awarded a full fellowship during that year averaged $24,800. Fellows with additional years of experience earned substantially more—top actuarial executives averaged about $43,000 in 1976.

Although data are not available for salaries paid actuaries in casualty companies or consulting firms, it is believed that salaries for these specialists generally are comparable to those paid by life insurance companies.

Sources of Additional Information

For facts about actuarial opportunities and qualifications, contact:

American Society of Pension Actuaries, 1700 K St., NW., Washington, D.C. 20006.

Casualty Actuarial Society, 200 East 42nd St., New York, N.Y. 10017.

Society of Actuaries, 208 South LaSalle St., Chicago, Ill. 60604.

CLAIM REPRESENTATIVES

(D.O.T. 168.288, 241.168, and 249.268)

Nature of the Work

Fast and fair settlement of all claims is essential to any insurance company if it is to meet its commitments to policyholders and also protect its own financial well-being. The people who investigate claims, negotiate settlement with policyholders, and authorize payment are known as claim representatives—a group that includes claim adjusters and claim examiners.

When a property-liability (casualty) insurance company receives a claim, the *claim adjuster* determines whether the policy covers it and the amount of the loss. Adjusters use reports, physical evidence, and testimony of witnesses in investigating a claim. When their company is liable, they negotiate with the claimant and settle the case.

Adjusters must make sure that settlements are in line with the real extent of the loss. They must protect their company from false or inflated claims but, at the same time, settle valid claims fairly and promptly. Some adjusters are allowed to issue checks on company funds; most, however, submit their findings to claim examiners who review them to insure that proper procedures have been followed and then authorize payment.

Some adjusters work with all lines of insurance. Others specialize in claims from property damage by fire, marine loss, automobile damage, workers' compensation loss, or product liability. Several States have "no-fault" automobile insurance plans that relieve the adjuster from determining responsibility for a loss. Adjusters in these States still must decide the amount of loss, however. A growing number of casualty companies employ special claims people to settle small claims, usually minor automobile or homeowner damage claims. These claim workers, generally called "inside adjusters" or "telephone adjusters," contact claimants by telephone or mail and have the policyholder send repair

Claims adjuster gathering evidence in investigating a claim.

costs, medical bills, and other statements to the company. Many companies centralize this operation in a drive-in claims center where the cost of repair is determined and a check is issued on the spot.

Adjusters work away from the office most of the time. They may be called to the site of an accident or to the location of a fire or burglary. Adjusters make their own schedules of the activities needed to dispose of a claim properly. They also keep written or taped records of information obtained from witnesses and other sources and prepare reports of their findings.

In life insurance companies, the counterpart of the claim adjuster is the *claim examiner*, who investigates the details surrounding questionable claims or those exceeding a specified amount. They may check claim applications for completeness and accuracy, interview medical specialists, consult policy files to verify information on a claim, or calculate benefit payments. Generally, examiners are authorized to investigate and approve payment on all claims up to a certain limit; larger claims are referred to a senior examiner.

Examiners checking incorrect or questionable claims may correspond with investigating companies, field managers, agents, or the family of the insured. Claim examiners occasionally travel to obtain information by personal interview, or contact State insurance departments and other insurance companies. In addition to verifying claims and approving payment, examiners also maintain records of settled claims and prepare reports to be submitted to their company's data processing department. Some experienced examiners serve on committees, conduct surveys of claim practices within their company, and help devise more efficient ways to process claims. They, like claim adjusters, sometimes testify in court on contested claims.

Places of Employment

About 155,000 persons worked as claim representatives in 1976.

The majority of claim adjusters worked for insurance companies that sell property and liability coverage. Some were employed by independent adjusting firms that contract their services for a fee. These independent firms range from national companies employing hundreds of adjusting specialists to small 3- or 4-person local operations. A relatively small number of adjusters represent the insured rather than the insurance company. These "public adjusters" usually are retained by banks, financial organizations, and other business firms to handle fire and other losses to property. They negotiate claims against insurance companies and deal with adjusters for such companies.

Most claim examiners worked for life insurance companies in large cities such as New York, San Francisco, Chicago, Dallas, and Philadelphia, where most home offices are located.

Adjusters may travel to almost any area of the United States, since claims must be settled locally. Occasionally, an experienced adjuster may travel to the scene of a disaster, such as a hurricane or a riot, to work with local personnel. Some cases result in travel outside the United States.

Training, Other Qualifications, and Advancement

Although a growing number of insurance companies prefer claim representatives to have a college degree, many hire those without college training, particularly if they have specialized experience. For example, persons experienced in automobile repair work may qualify as auto adjusters, and those with clerical work experience might be hired as inside adjusters.

No specific field of college study is recommended. Although courses in insurance, economics, or other business subjects are helpful, a major in almost any college field is adequate preparation. An adjuster who has a business or accounting background might specialize in loss from business interruption or damage to merchandise. Those with college training in engineering will find their education helpful in adjusting industrial claims. A legal background is most helpful to those handling workers' compensation and product liability cases.

Most large insurance companies provide beginning claim adjusters and examiners on-the-job training and home study courses. Claim representatives are encouraged to take courses designed to enhance their professional skills. For example, the Insurance Institute of America offers a six-semester study program leading to an associate degree in claims adjusting upon successful completion of six examinations. Adjusters can

prepare for these examinations by independent home study or through company or public classes. A professional Certificate in Insurance Adjusting also is available from the College of Insurance in New York City.

The Life Office Management Association (LOMA) in cooperation with the International Claim Association offers a claims education program for life and health examiners. The program is part of the LOMA Institute Insurance Education Program leading to the professional designation, FLMI (Fellow, Life Management Institute) upon successful completion of eight written examinations.

About three-fourths of the States require adjusters to be licensed. Despite wide variation in State licensing requirements, applicants usually must comply with one or more of the following: Pass a written examination covering the fundamentals of adjusting; furnish character references; be 20 or 21 years of age and a resident of the State; offer proof that they have completed an approved course in insurance or loss adjusting; and file a surety bond.

Because they often work closely with claimants, witnesses, and other insurance professionals, representatives must be able to adapt to many different persons and situations. They should be able to communicate effectively and gain the respect and cooperation of people from different backgrounds. For example, when adjusters' evaluations of claims differ from those of the persons who have suffered the loss, they should be able to explain their conclusions tactfully. Examiners need to be familiar with medical and legal terms and practices and Federal and State insurance laws and regulations. Because they may have to check premium payments, policy values, and other numerical items in processing a claim, examiners should be adept at making mathematical calculations. Both adjusters and examiners should have a good memory and enjoy working with details.

Beginning adjusters and examiners work on small claims under the supervision of an experienced worker. As they learn more about claim investigation and settlement, they are assigned claims that are higher in loss value and more difficult. Trainees are promoted as they demonstrate competence in handling assignments and progress in the courses they take. Because of the complexity of insurance regulations and claims procedures, workers who lack formal academic training may advance more slowly than those with 2 years or more of college. Employees who show unusual competence in claims work or outstanding administrative skills may be promoted to department supervisor in a field office or to a managerial position in the home office. Qualified adjusters and examiners sometimes transfer to other departments, such as underwriting or sales.

Employment Outlook

Employment of claim representatives is expected to grow about as fast as the average for all occupations through the mid-1980's as the number of insurance claims continues to increase. In addition to jobs created by growth of the occupation, many others will result from the need to replace workers who die, retire, or transfer to other jobs.

Several factors point to a growing volume of insurance and a resulting need for claim adjusters. Over the next decade a steadily rising number of workers will be entering their most productive years. These workers and their families are likely to seek insurance protection as they purchase homes, automobiles, and other consumer durables. New or expanding businesses will need protection for new plants and equipment and for insurance covering their employees' health and safety. As more people live and work in densely populated areas, the increased risk of automobile accident, fire, or theft should result in a greater number of claims.

As ways of doing business continue to change, the demand for certain kinds of claim adjusters will be stronger than for others. For example, the growing trend toward drive-in claim centers and claim handling by telephone should reduce the demand for automobile adjusters while it stimulates demand for inside adjusters. Independent adjusters who specialize in automobile damage claims should continue to suffer some loss of business. Prospects should be very good, however, for adjusters who specialize in highly complex types of business insurance such as marine cargo, workers' compensation, and product liability.

A similar situation exists for claim examiners. Employment of examiners in casualty companies should rise about as fast as for adjusters; however, much slower growth is expected for life insurance examiners as increased use of computers enables them to process more claims, especially routine ones and those that arise under group policies.

Earnings and Working Conditions

According to a recent survey of property and liability companies, claim adjusters averaged about $13,000 a year in 1976; inside adjusters earned average salaries of about $9,900. Most public adjusters are paid a percentage of the amount of the settlement—generally 10 percent. Adjusters are furnished a company car or are reimbursed for use of their own vehicles for business purposes. Salaries of claim adjusters are about one and one-half times the average earnings for all nonsupervisory workers in private industry, except farming; salaries of inside adjusters are slightly above the average for all nonsupervisory work

A survey of life insurance companies by the Life Office Management Association revealed that claim examiners earned average salaries of $13,300 a year in 1976. According to the survey of property and liability companies, casualty claim examiners averaged $15,280. Claim supervisors in casualty companies and life companies averaged $17,300 a year. Claim examiners earn more than 1 1/2 times the average for all nonsupervisory workers in private industry, except farming.

Claim adjusting is not a desk job. It requires that a person be physically

fit because much of the day may be spent in traveling from one place to another, walking about outdoors, and climbing stairs. Adjusters may have to work evenings or weekends in order to interview witnesses and claimants when they are available. Since most companies provide 24-hour claim service to their policyholders, some adjusters always must be on call. (See the statement on the Insurance Industry for additional information on working conditions and employee benefits.)

Claim examiners have desk jobs that require no unusual physical activity. Although the average workweek for examiners is 35 to 40 hours, they may work longer at times of peak claim loads or when quarterly and annual statements are prepared. They also may need to travel occasionally.

Sources of Additional Information

General information about a career as a claim examiner or adjuster is available from the home offices of many life and property and liability insurance companies.

Information about licensing requirements for claim adjusters may be obtained from the department of insurance in each State.

Information about career opportunities in these occupations also may be obtained from:

Insurance Information Institute, 110 William St., New York, N.Y. 10038.

American Mutual Insurance Alliance, 20 N. Wacker Dr., Chicago, Ill. 60606.

The National Association of Independent Insurers, Public Relations Department, 2600 River Rd., Des Plaines, Ill. 60018.

For information about public insurance adjusting, contact:

National Association of Public Adjusters, 1613 Munsey Building, Baltimore, Md. 21202.

Career information on life insurance claim examining is available from:

American Council of Life Insurance, 1850 K St., NW., Washington, D.C. 20006.

INSURANCE AGENTS AND BROKERS

(D.O.T. 250.258)

Nature of the Work

Insurance agents and brokers sell policies that protect individuals and businesses against future losses and financial pressures. They may help plan financial protection to meet the special needs of a customer's family; advise about insurance protection for an automobile, home, business, or other property; or help a policyholder obtain settlement of an insurance claim.

Agents and brokers usually sell one or more of the three basic types of insurance: life, property-liability (casualty), and health. Life insurance agents, sometimes called life underwriters, offer policies that pay survivors when a policyholder dies. Depending on the policyholder's individual circumstances, a life policy can be designed to provide retirement income, funds for the education of children, or other benefits. Casualty insurance agents sell policies that protect individual policyholders from financial losses as a result of automobile accidents, fire or theft, or other losses. They also sell industrial or commercial lines, such as workers' compensation, product liability, or medical malpractice insurance. Health insurance policies offer protection against the costs of hospital and medical care or loss of income due to illness or injury, and many life and casualty agents offer health insurance in addition to other lines. Many agents also offer securities, such as mutual fund shares or variable annuities.

An insurance agent may be either an insurance company employee or an independent business person authorized to represent one insurance company or more. Brokers are not under exclusive contract with any single company; instead, they place policies directly with the company that best meets a client's needs. Otherwise, agents and brokers do much the same kind of work.

They spend most of their time discussing insurance needs with prospective and existing customers. Some time must be spent in office work to prepare reports, maintain records, plan insurance programs that are tailored to prospects' needs, and draw up lists of prospective customers. Specialists in group policies may help an employer's accountants set up a system of payroll deductions for employees covered by the policy.

Places of Employment

About 465,000 agents and brokers sold insurance full time in 1976. In

Insurance agents plan insurance programs that are tailored to prospects' needs.

addition, thousands of others worked part time. About half of the agents and brokers specialized in life insurance; the rest, in some type of property/liability insurance. A growing number of agents (called multi-line agents) offer both life and property-liability policies to their customers.

Agents and brokers are employed in cities and towns throughout the country, but most work near large population centers.

Training, Other Qualifications, and Advancement

Although many employers prefer college graduates for jobs selling insurance, most will hire high school graduates with potential or proven sales ability. College training may help the agent grasp the fundamentals and procedures of insurance selling more quickly. Courses in accounting, economics, finance, business law, and insurance subjects are helpful.

All agents and most brokers must obtain a license in the State where they plan to sell insurance. In most States, licenses are issued only to applicants who pass written examinations covering insurance fundamentals and the State insurance laws. Agents who plan to sell mutual fund shares and other securities also must be licensed by the State. New agents usually receive training at the agencies where they will work and frequently also at the insurance company's home office. Beginners sometimes attend company-sponsored classes to prepare for examinations. Others study on their own and accompany experienced sales workers when they call on prospective clients.

Agents and brokers can broaden their knowledge of the insurance business by taking courses at colleges and universities and attending institutes, conferences, and seminars sponsored by insurance organizations. The Life Underwriter Training Council (LUTC) awards a diploma in life insurance marketing to agents who successfully complete the Council's 2-year life program. There is also a course in health insurance. As agents or brokers gain experience and knowledge, they can qualify for the Chartered Life Underwriter (CLU) designation by passing a series of examinations given by the American College of Bryn Mawr, Pa. In much the same way, a property-liability agent can qualify for the Chartered Property Casualty Underwriter (CPCU) designation by passing a series of examinations given by the American Institute for Property and Liability Underwriters. The CLU and CPCU designations are recognized marks of achievement in their respective fields.

Agents and brokers should be enthusiastic, self-confident, and able to communicate effectively. Because agents usually work without supervision, they need initiative to locate new prospects. For this reason, many employers seek people who have been successful in other jobs.

Insurance agents who show unusual sales ability and leadership may become a sales manager in a local office or assume a managerial job in a home office. A few agents may advance to top positions as agency superintendents or company vice-presidents. Many who have built up a good clientele prefer to remain in saleswork. Some, particularly in the property-liability field, eventually establish their own independent agencies or brokerage firms.

Employment Outlook

Employment of insurance agents and brokers is expected to grow about as fast as the average for all occupations through the mid-1980's as the volume of insurance sales continues to expand. Many additional jobs will open as agents and brokers die, retire, or leave their jobs to seek other work. Due to the highly competitive nature of insurance selling, many beginners leave the field because they are unable to establish a sufficiently large clientele. Therefore, opportunities should be quite favorable for ambitious people who enjoy saleswork.

Future demand for agents and brokers depends on the volume of insurance sales. Volume should increase rapidly over the next decade as a larger proportion of the population enters the period of peak earnings and family responsibilities. Life insurance sales should grow as more families select policies designed to provide educational funds for their children and retirement income. Rising incomes also may stimulate the sales of equity products such as mutual funds, variable annuities, and other investments. Sales of property-liability insurance should rise as more consumer purchases are insured and as complex types of commercial coverage, such as product liability and workers' compensation, are expanded.

However, employment of agents and brokers will not keep pace with the rising level of insurance sales because more policies will be sold to groups and by mail. In addition, each agent should be able to handle more business as computers take over some of the time-consuming clerical tasks. The trend toward multi-line agents also will cause employment to rise more slowly than the volume of insurance sales.

Earnings and Working Conditions

Beginners in this occupation often are guaranteed a moderate salary while they are learning the business and building a clientele. In many large companies, new agents receive about $800 a month during this training period, which can last up to 6 months or longer. Thereafter, most agents are paid on a commission basis. The size of the commission depends on the type and amount of insurance sold, and whether the transaction is a new policy or a renewal. After a few years, an agent's commissions on new policies and renewals may range from $12,000 to $20,000 annually. There is virtually no limit on what an agent can earn, however. Thousands of established agents and brokers earn more than $30,000 a year, and many highly successful ones earn more than $100,000 a year.

Agents and brokers generally pay their own automobile and traveling expenses. In addition, those who own and operate independent businesses must pay office rent, clerical salaries, and other operating expenses out of their earnings.

Although insurance agents usually are free to arrange their own hours of work, they often schedule appointments during evenings and weekends for the convenience of clients. Some agents work more than the customary 40 hours a week. (See the statement on the Insurance Industry for more information about work in life and property-liability companies.)

Sources of Additional Information

General occupational information about insurance agents and brokers is available from the home office of many life and property-liability insurance companies. Information on State licensing requirements may be obtained from the department of insurance at any State capital.

Information about a career as a life insurance agent also is available from:

American Council of Life Insurance, 1850 K St., NW., Washington, DC, 20006.

The National Association of Life Underwriters, 1922 F St., NW., Washington, D.C. 20006.

For career information on property/liability agents, contact:

Insurance Information Institute, 110 William St., New York, N.Y. 10038.

National Association of Insurance Agents, Inc., 85 John St., New York, N.Y. 10038.

American Mutual Insurance Alliance, 20 N. Wacker Dr., Chicago, Ill. 60606.

The National Association of Independent Insurers, Public Relations Department, 2600 River Rd., Des Plaines, Ill. 60018.

UNDERWRITERS

(D.O.T. 169.188)

Nature of the Work

Insurance companies assume millions of dollars in risks each year by transferring chance of loss from their policyholders to themselves. Underwriters appraise and select the risks their company will insure. (The term underwriter sometimes is used in referring to insurance agents; see the statement on insurance agents and brokers elsewhere in the *Handbook* for a discussion of that occupation.)

Underwriters analyze information presented on policy applications.

Underwriters decide whether their companies will accept risks after analyzing information in insurance applications, reports from loss control consultants, medical reports, and actuarial studies (reports that describe the probability of insured loss). Some routine applications that require very little independent judgment are handled by computers. Generally, however, underwriters use considerable personal judgment in making decisions. Because these decisions are seldom reviewed at a higher level, underwriters have great responsibility. Their companies may lose business to competitors if they appraise risks too conservatively or may have to pay many future claims if their underwriting actions are too liberal.

When deciding that a policy is an acceptable risk, an underwriter may outline the terms of the contract, including the amount of the premium. Underwriters frequently correspond with policyholders, agents, and managers about policy cancellations or requests for information. In addition, they sometimes accompany salespeople on appointments with prospective customers.

Most underwriters specialize in one of three major categories of insurance: life, property and liability, or health. They further specialize in group or individual policies. The property and liability underwriter specializes by type of risk insured, such as fire, automobile, marine, or workers' compensation. Some underwriters, called commercial account underwriters, handle business insurance exclusively. They often must evaluate a firm's entire operation in appraising its insurance application. There is a growing trend in casualty companies toward "package" underwriting, where various types of risks are insured under a single policy. In such a situation, the underwriter would have to be familiar with several different lines of insurance rather than specializing in a single line.

An increasing proportion of total insurance sales is being made through group contracts. A standard group insurance policy insures all persons in a specified group through a single contract at uniform premium rates; this type of group policy generally provides life or health insurance protection. The group underwriter analyzes the overall composition of the group to be sure that total risk is not excessive. A different type of group policy finding increasing acceptance is the policy that provides the members of a group—a labor union, for example—with individual policies geared to their own circumstances. These policies generally are in the casualty field, covering automobiles, pleasure boats, and homes. The casualty underwriter analyzes the application of each group member and makes individual appraisals. Some group underwriters attend meetings with union or employer representatives to discuss the types of policies available to their groups.

Places of Employment

An estimated 25,000 persons worked as insurance underwriters in 1976. Over three-fourths were property and liability underwriters working in regional or home offices throughout the United States; most life insurance underwriters are in home offices in a few large cities, such as New York, San Francisco, Chicago, Dallas, and Philadelphia.

Training, Other Qualifications, and Advancement

For beginning underwriting jobs, most large insurance companies seek college graduates who have a degree in liberal arts or business administration, but a major in almost any field provides a good general background. Some small companies hire persons with less than a college degree for underwriter trainee positions. In addition, some high school graduates who begin as underwriting clerks may be trained as underwriters after they demonstrate an aptitude for the work.

Underwriter trainees begin by evaluating routine applicants under the close supervision of an experienced risk appraiser. They study claim files to become familiar with factors associated with certain types of losses. As they develop the sound judgment that is required, they are assigned policy applications that are more complex and have a greater face value.

Continuing education is a necessity if the underwriter expects to advance to senior level positions. Insurance companies generally place great emphasis on completion of one or more of the recognized independent study programs. Many companies pay tuition and the cost of books for those who satisfactorily complete underwriting courses; some offer salary increases as an additional incentive. Independent study programs are available through the American Institute of Property and Liability Underwriters, the American College of Life Underwriters, the Academy of Life Underwriters, the Health Insurance Association of America, and the Life Office Management Association.

Underwriting can be a satisfying career for persons who like working with details and enjoy relating and evaluating information. In addition to analyzing problems, underwriters must make prompt decisions and be able to communicate their ideas to others. They must also be imaginative and aggressive, especially when they have to get additional information from outside sources.

Experienced underwriters who complete study courses may advance to chief underwriter or underwriting manager. Some underwriting managers are promoted to senior managerial jobs after several years.

Employment Outlook

Employment of underwriters is expected to rise about as fast as the average for all occupations through the mid-1980's as insurance sales continue to expand. Each year many jobs will become available as the occupation grows and as those who die, retire, or transfer to other work are replaced.

Several factors underlie the expected growth in the volume of insurance and the resulting need for underwriters. Over the next decade, a much larger portion of our population will enter their most productive years. As this traditional market for life insurance expands, the volume of insurance sales also should rise. This will occur as more individuals purchase life insurance to protect their families' standard of living, finance their children's education, or provide retirement income. Property and liability insurance sales also should expand as purchases of automobiles, pleasure boats, and other consumer durables increase. Both spending for new home construction and the American public's growing security consciousness should contribute to demand for more extensive insurance protection. New or expanding businesses will need protection for new plants and equipment and insurance for workers' compensation and product liability. Heightened competition among insurance companies and changes in regulations affecting investment profits also are expected to increase the insurance industry's need for competent underwriters.

Earnings and Working Conditions

Underwriters in life insurance who had 2 to 4 years' experience averaged $12,600 a year in 1976, according to a Life Office Management Association (LOMA) survey. Senior life underwriters (those with 5 to 8 years' experience) averaged $16,600, while senior group underwriters earned average salaries of $17,400. Supervisors of underwriting in life insurance companies averaged $17,500 to $23,000. In most cases, underwriters in larger companies earned higher salaries.

A recent survey of companies that sell property and liability insurance showed that underwriters with 2 to 4 years' experience averaged $12,300 a year in 1976. Earnings varied substantially by underwriting specialty, however: personal lines underwriters earned average salaries of $11,700, while those specializing in surety bonds averaged $14,300. Senior underwriters earned substantially higher incomes—personal lines underwriters averaged $15,200 while those specializing in commercial lines received an average of $15,000 a year. Experienced underwriters earn about 1 1/2 times the average earnings of nonsupervisory workers in private industry, except farming. Underwriting supervisors in property and liability companies averaged $17,500 a year in 1976.

Most underwriters have desk jobs that require no unusual physical activity. Although the average week is 37 hours, underwriters sometimes work overtime. Most insurance companies have liberal vacation policies and other employee benefits. (See the statement on the Insurance Industry for additional information on working conditions and employee benefits.)

Sources of Additional Information

General information about a career as an insurance underwriter is available from the home offices of many life insurance and property and liability insurance companies. Information about career opportunities as an underwriter also may be obtained from:

American Council of Life Insurance, 1850 K St., NW., Washington, D.C. 20006

Insurance Information Institute, 110 William St., New York, N.Y. 10038.

American Mutual Insurance Alliance, 20 N. Wacker Dr., Chicago, Ill. 60606.

The National Association of Independent Insurers, Public Relations Department, 2600 River Rd., Des Plaines, Ill. 60018.

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